

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0858-03
Bill No.: HB 628
Subject: Education, Elementary and Secondary; Teachers
Type: Original
Date: March 1, 2011

Bill Summary: This proposal changes the laws regarding teacher contracts and establishes the Teacher Continuing Contract Act.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
General Revenue	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
State School Moneys Fund*	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

*Offsetting Transfers In and Transfers Out are Unknown, but Could Exceed \$100,000

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2012	FY 2013	FY 2014
Local Government	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FISCAL ANALYSIS

ASSUMPTION

Officials from the Office of Administration - **Administrative Hearing Commission (AHC)** stated there would be no fiscal impact on the AHC.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume that, while the proposal requires the districts to alter their method of allocating pay for teachers, it does not appear that the cost to the state should increase. The only variance would be if there is some district that currently pays all teachers the minimum state salary, then the state would have to pick up the cost of the mandates built in. If a district currently pays all teachers the minimum salary, then the upper tier teachers would need to earn more than the lower tier teachers resulting in some type of increase necessary. Potential costs to the state, while unknown, could exceed \$100,000.

Regarding teacher and leader evaluation, it is already required that districts do this so whatever cost, if any, associated with this portion of the proposal would already be a part of existing budgets. Unless a district would determine it needed to do more evaluations and would require more staff to do it, there would not be a significant increase in cost. DESE defers to the districts regarding the level of evaluation required.

DESE assumes an area where there would likely be additional cost would be revisions and modifications necessary to existing evaluation instrumentation, protocols, or processes in order to incorporate the teaching standards and professional continuum. The state would likely need to provide guidance and professional development to interested districts.

Assuming, on average, a standard workshop for each district (\$150 x 522 districts) would result in necessary expense of \$78,300 initially. Follow-up would likely require a similar amount resulting in total expense of \$150,000 - \$200,000 overall. The use of webinars would cut this cost. Regional training would be an option for districts and not all districts would participate, further reducing this amount.

Officials from the **Independence School District** did not have a manner to calculate a fiscal impact from this proposed legislation, but expect the legal expense to be substantial.

Officials from the **Blue Springs School District** assume this proposal would result in the need to hire additional staff at an approximate cost of \$300,000 per year.

ASSUMPTION (continued)

Officials from the **Parkway School District** state this proposal is not estimated to have a fiscal impact on their district.

A response was received from officials from the **Columbia School District**, but they did not indicate fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2012 (10 Mo.)	FY 2013	FY 2014
GENERAL REVENUE			
<u>Cost</u> - Department of Elementary and Secondary Education - State Aid	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>(Unknown - Could Exceed \$100,000)</u>	<u>(Unknown - Could Exceed \$100,000)</u>	<u>(Unknown - Could Exceed \$100,000)</u>
STATE SCHOOL MONEYS FUND			
<u>Transfer In</u> - DESE - Increased state aid	Unknown - Could Exceed \$100,000	Unknown - Could Exceed \$100,000	Unknown - Could Exceed \$100,000
<u>Transfer Out</u> - School Districts - Increased state aid for teacher salaries	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)	(Unknown - Could Exceed \$100,000)
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2012
(10 Mo.)

FY 2013

FY 2014

LOCAL POLITICAL SUBDIVISIONS

Transfer In - Increased state aid for
teacher salaries

Unknown -
Could Exceed
\$100,000

Unknown -
Could Exceed
\$100,000

Unknown -
Could Exceed
\$100,000

Cost - Program costs

(Unknown -
Could Exceed
\$100,000)

(Unknown -
Could Exceed
\$100,000)

(Unknown -
Could Exceed
\$100,000)

**ESTIMATED NET EFFECT ON
LOCAL POLITICAL SUBDIVISIONS**

Unknown to
(Unknown)

Unknown to
(Unknown)

Unknown to
(Unknown)

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal changes the laws regarding teacher contracts and establishes the Teacher Continuing Contract Act which will apply to teachers in all school districts, including St. Louis City, beginning July 1, 2012. In its main provisions, the proposal:

- (1) Bases 50% of a teacher's evaluation on teaching standards under the professional continuum developed by the State Board of Education within the Department of Elementary and Secondary Education;
- (2) Eliminates the minimum teacher salary for holders of a master's degree;
- (3) Requires an annual evaluation of each school administrator and bases 50% of his or her score on the professional continuum for administrators developed by the state board and adds a component, also to be weighted at 50%, that evaluates an administrator on his or her instructional leadership by assessing the performance of the instructional personnel for whom he or she has supervisory capacity;

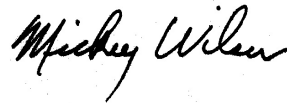
FISCAL DESCRIPTION (continued)

- (4) Specifies that a contract between a school district and a teacher will be known as a continuing contract and will continue in effect for up to two or more years, while probationary contracts last one year;
- (5) Establishes transition provisions for the interim placement of teachers on probationary contracts until salary schedules are developed based on student performance data and data is available;
- (6) Allows for novice and transfer probationary teachers' contract lengths in specified situations;
- (7) Establishes contract lengths in accordance with scores on teacher evaluations in four tiers;
- (8) Allows elements other than years of service and highest degree held to be added to salary schedules including, but not limited to, additional certification areas, certification in high-need subjects, mentoring, and demonstrated ability to improve student performance;
- (9) Establishes a salary schedule effective July 1, 2013, based on performance, with teachers above the thirty-third to sixty-sixth percentile receiving a performance pay increment of no less than 10% over the base pay of the bottom 33% of teachers; the next 17% will receive a pay increment that is no less than 25% over the base of the third tier of teachers; and the top tier will receive an increment no less than 60% of the second tier;
- (10) Adds unsatisfactory performance to the list of reasons for which a permanent teacher may be terminated and requires teacher evaluations to be considered in determining professional competence; and
- (11) Requires teachers to be evaluated at least annually and twice in the final year of a continuing contract, places equal weight on student performance and achievement of teaching standards, and limits teaching standard scores in the top 33% to no more than 40% of a building's teachers.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of Administration
 Administrative Hearing Commission
School Districts
 Independence
 Columbia
 Blue Springs
 Parkway

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 1, 2011